

## news release

Contact:  
Susan Henson  
Public Relations  
714 830 5129 Telephone  
susan.henson@experian.com Email

# Experian Subprime Lending Study Shows Consumers Are More Likely to Pay Bankcard Debt Before Mortgage Debt

## Study results represent a significant departure from historical pattern of paying mortgage debt before bankcard debt

**Costa Mesa, Calif., June 20, 2007** — According to the latest Experian study on the subprime lending market, subprime consumers — those with an Experian credit score of 620 or lower — are more likely to be 30 days or more late on their mortgage payments than on their unsecured bankcard obligations. As consumers have historically paid mortgage debt over bankcard debt, this finding represents a significant departure from conventional behavior.

Consumers with credit scores considered to be “prime” — above 680 — continued to follow traditional historical patterns of paying mortgage debt before bankcard debt.

“The current marketplace debate and increased visibility on subprime lending led us to examine historical consumer payment trends to see if they have shifted,” said Kerry Williams, president, Experian Information Solutions group. “Interestingly, our data revealed that many consumers in the subprime segment have adjusted their payment patterns in order to better manage their personal finances.”

### Other key findings:

- The mortgage delinquency rate for subprime consumers has grown at 13.2 percent over the past four years
- The Western region experienced the sharpest growth in delinquencies — 15.3 percent for mortgage versus 6.4 percent for bankcard
- The same delinquency pattern is present across each geographic region in the United States
- Between 2005 and 2006, outstanding mortgage balances for subprime consumers increased 8.8 percent, while total outstanding mortgage balances grew only by 3.3 percent
- Over the past four years, bankcard lending to subprime consumers has risen by 137 percent, and mortgage lending to subprime consumers grew by 58 percent during the same time period

“Although the environment has changed, the subprime consumer lending segment still remains viable,” said Williams. “However, it is prudent for lenders to explore improvements in decisioning process and tools to counter recent market trends.”

The data analysis was conducted using Experian’s Portfolio Benchmarking and Trend Analysis<sup>SM</sup>, a sophisticated portfolio management tool that tracks and analyzes changes in consumer credit activity and other marketplace metrics. Companies can utilize this intelligence to assess current conditions, analyze trends and benchmark against competitors for strategic portfolio management decisions.

For more information about the Experian study, including a graphical representation of the data, please call Susan Henson at 714 830 5129 or e-mail her at [susan.henson@experian.com](mailto:susan.henson@experian.com).

### About Experian

Experian® is a global leader in providing analytical and information services to organizations and consumers to help manage the risk and reward of commercial and financial decisions. Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organizations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage. For consumers, Experian delivers critical information that enables them to make financial and purchasing decisions with greater control and confidence. Clients include

organizations from financial services, retail and catalog, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

Experian Group Limited is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. It has corporate headquarters in Dublin, Ireland, and operational headquarters in Costa Mesa, Calif., and Nottingham, UK. Experian employs approximately 13,500 people in 36 countries worldwide, supporting clients in more than 60 countries. Annual sales are \$3.5 billion.

For more information, visit the Group's Web site at [www.experiangroup.com](http://www.experiangroup.com).

Experian and the marks used herein are service marks or registered trademarks of Experian Information Solutions, Inc. Other product and company names mentioned herein may be the trademarks of their respective owners.

# # #